



JUNE 8, 2012

CIRCULAR NO. 16/12

TO MEMBERS OF THE ASSOCIATION

Dear Member:

CONDITION SURVEY REQUIREMENT FOR TANKERS CARRYING HEAVY FUEL OIL (HFO) AS CARGO

As part of a concerted industry effort to ensure higher ship standards, the International Group of P&I Clubs is continuing in its implementation of survey triggers for seagoing vessels of 10 years of age or more carrying HFO.

As a consequence, all sea-going vessels aged 10 years or more which have carried heavy HFO as cargo within the previous 12 months will subject to condition survey, unless:

- the vessel has undergone a P&I club condition survey during the previous 12 months; or
- the vessel has undergone a Special Survey during the previous 6 months; or
- the vessel has a valid Condition Assessment Program (CAP) rating of 1 or 2 with a classification society having membership in the International Association of Classification Societies (IACS).

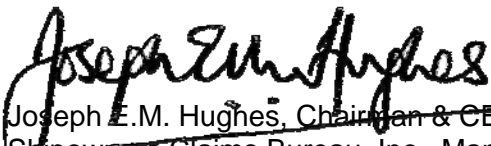
HFO is defined as residual fuel with a kinematic viscosity of 380 centipoises when measured at 50 degrees Celsius by the ISO 3104 test method. This excludes vessels carrying intermediate fuel oils or heavy crudes, as well as those carrying bitumen or tar.

Members should note that a declaration is now required so that the Club may determine whether HFO has in fact been carried by an insured vessel as cargo during a relevant policy period. Therefore, the first declaration must be made this year as soon as possible, but not later than August 31, 2012 for vessels carrying HFO between March 20, 2011 and March 20, 2012.

If a vessel continues to carry HFO as cargo over a period of successive years, the Club is not obliged to carry out a survey every year. However, a survey will need to be held at least every three years after the first survey has taken place. It is at the Club's discretion whether or not to undertake surveys on a more frequent basis.

As always, the Managers will be pleased to respond to all enquiries arising from the above. Please direct all declarations and inquiries to the Loss Prevention, Risk Control and Technical Services Department at surveys@american-club.com , or to fax number +1 212-847-4596.

Yours faithfully,


Joseph E.M. Hughes, Chairman & CEO
Shipowners Claims Bureau, Inc., Managers for
THE AMERICAN CLUB



ANNUAL DECLARATION FORM FOR CARRIAGE OF HEAVY FUEL OIL—P&I OWNED ENTRIES ONLY
For P&I owned entered vessels having carried HFO* in the period from March 20, 2011 to March 20, 2012.

Please direct all declarations and inquiries to the Loss Prevention, Risk Control and Technical Services Department at surveys@american-club.com, or to fax number +1 212-847-4596.

ANNUAL DECLARATION FORM FOR CARRIAGE OF HEAVY FUEL OIL									
				Complete ONLY if HFO has been carried					
VESSEL	IMO	International Trading	HFO Carried	Has a P&I Condition Survey been carried out within the last 12 months?	Has the vessel passed a class Special Survey within the last 6 months?	Has vessel been rated CAP 1 or CAP 2 by a member of IACS?			
		Y/N See Note 1	Y/N See note 2	Y/N See note 3	Y/N See note 4	Y/N See note 5			
						Hull	CAP: ___	Date: ___	
						Machinery	CAP: ___	Date: ___	
						Cargo System	CAP: ___	Date: ___	
						Hull	CAP: ___	Date: ___	
						Machinery	CAP: ___	Date: ___	
						Cargo System	CAP: ___	Date: ___	
						Hull	CAP: ___	Date: ___	
						Machinery	CAP: ___	Date: ___	
						Cargo System	CAP: ___	Date: ___	

Notes:

- 1) Answer YES (Y) if the vessel is involved in International Trading; answer NO (N) if the vessel is involved in coastal trading
- 2) Answer YES (Y) if the vessel has carried HFO during the prior policy year. HFO is defined as follows:
" A residual fuel with kinematic viscosity of 380 centistokes or greater when measured at 50 degrees Celsius by Test Method ISO 3104"
- 3) Answer YES (Y) if the vessel has passed a P&I Condition Survey during the prior policy year
- 4) Answer YES (Y) if the vessel has undergone and passed an IACS Class Special Survey within the last 6 months
- 5) Complete only if the vessel HAS and is maintaining a CAP 1 or CAP 2 status with any IACS classification society.
 If YES please provide the date when the cap was obtained.